



**AMSELCO
MINERALS INC.**

1112 Mill Street
P.O. Box 891
Camden, South Carolina 29020
Telephone: (803) 432-9828

HEAD OFFICE:
999 Eighteenth Street, Suite 1201
Denver, Colorado 80202-2484
Telephone: (303) 292-6722
Telex: 450205
Facsimile: (303) 298-1294

February 29, 1988

Mr. Joseph Jungkurth
Vice President, Minerals
Scott Paper Company
Scott Plaza
Philadelphia, PA 19113

Re: Brunswick Mineral Properties

Dear Joe:

Thanks a lot for sending the Amax report on the Civil War property. We're presently digesting this data and will be returning your data shortly. At first reading, mineralization at the Civil War sounds a lot like that at Barite Hill. It does not appear to be a viable base metal target any longer, but there are indications of precious metals that were not aggressively pursued by the previous lessors. On the other hand, there has been a lot of drilling, and maybe there is no room left for any kind of orebody. We can see that there are some basic steps that were overlooked, but the question is: are they worth doing now? When we complete our data review, I will be back in touch about that. One thing comes immediately to mind. Does Brunswick still own the surface there, or has that been sold to Champion?

Which brings up Barite Hill. Is Champion now officially the surface owner of the tracts we leased from Brunswick? If so, do you have the name of anyone from Champion whom we can contact about our surface activities? We have cut quite a few survey lines on the Brunswick property for soil geochemical and geophysical surveying. We expect to do some trenching in the next few weeks on Brunswick's portion of the Jennings trend, which will hopefully lead to drilling it. However, I'd like to make sure we don't get crosswise with the surface owner, if the property has indeed changed hands.

We have just concluded a joint venture agreement with Hawk Investments, Ltd. of Australia in regard to our Barite Hill project. Hawk has the right to earn in to a 49 percent interest in the project. Whether this happens or not will depend on results of the exploration in progress. We've done a lot of trenching and drilling on properties which adjoin



10755208

Mr. Joseph Jungkurth
February 29, 1988
Page 2

Brunswick's, and have encouraging results that suggest that a small open pit gold deposit could be developed. So far the Brunswick lands are not involved, but this could change if we can find significant mineralization on the Jennings trend.

As you know, the Memorandum of Agreement that we recorded in December is somewhat deficient in that it failed to mention the option-to-purchase aspect of the Agreement. Don Sherwood and I talked about this a few weeks ago, and he said he would prepare a more appropriate Memorandum. As BP is merging Amselco Minerals with Kennecott, I would ask you to give this a higher priority. The Amselco entity may not exist much longer, and it would be a lot simpler if the revised Memorandum could be recorded before the corporate merger takes place. At least, it would make my job easier; I'd appreciate your help.

Sincerely yours,

AMSELCO MINERALS INC.

D. J. Duskin
D. J. Duskin
Exploration Manager
Eastern USA

DJD/dn

cc: A. P. Taylor
R. E. Pierce
J. P. Padgett



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November 30, 1987

Mr. Joseph M. Jungkurth
Vice President, Minerals
Scott Paper Company
Scott Plaza 1
Philadelphia, PA 19113

Dear Joe:

Enclosed herewith is our check for \$10,000 as the first rental payment due under the lease dated 20 November 1987 between Amselco and Brunswick Pulp Land Company. The agreement itself was executed by Amselco and hand delivered to Mr. Sherwood in Denver last week; I trust that we shall receive a fully executed copy in short order.

Thank you for working with us on this lease, and we look forward to mutually rewarding results on the Brunswick land.

Sincerely,

AMSELCO MINERALS INC.

D. J. Duskin
Exploration Manager
Eastern USA

DJD/dn

Enclosure (check)

cc: R. Pierce (without enclosure)

November 23, 1987

Mr. D. J. Duskin
Amselco Minerals Inc.
1112 Mill Street
P. O. Box 891
Camden, South Carolina 29020

Dear Mr. Duskin:

This will clarify the method of payment to be followed under our November 15th Agreement between Brunswick and Amselco.

Please send all payments under this Agreement to Scott Paper Company, c/o Minerals Division, Scott Plaza 1, Philadelphia, Pennsylvania 19113. We will take the necessary steps to transfer the monies to the appropriate parties.

Thank you very much.

Sincerely,



Joseph M. Jungkurth
Vice President, Minerals

JMJ:slw

Sherman & Howard
A LAW FIRM WITH A REPUTATION FOR PROFESSIONAL CORPORATION

2900 FIRST INTERSTATE TOWER NORTH
833 SEVENTEENTH STREET
DENVER, COLORADO 80202

TELEPHONE: 303 297-2900
TELECOPIER: 303 298-0940
TELEX: 454668

DON H. SHERWOOD

IN SOUTHEAST DENVER
Sherman & Howard
SUITE 700, STANFORD PLACE 3
4382 SOUTH ULSTER STREET PARKWAY
DENVER, COLORADO 80237
TELEPHONE 303 779-6484
TELECOPIER 303 779-6480

IN COLORADO SPRINGS
Sherman, Howard, Baker & Wendelken
SUITE 500, ALAMO CORPORATE CENTER
102 SOUTH TEJON
COLORADO SPRINGS, COLORADO 80903
TELEPHONE 303 475-2440
TELECOPIER 303 635-4576

IN RENO, NEVADA
Hill Cassas deLipkau and Erwin, P.C.
POST OFFICE BOX 3780
RENO, NEVADA 89505
TELEPHONE 702 323-1801
TELECOPIER 702 348-7250

November 23, 1987

Mr. Joseph M. Jungkurth
Vice President, Minerals
Scott Paper Company
Scott Plaza
Philadelphia, Pennsylvania 19113

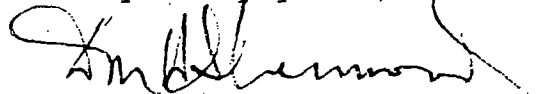
BY FEDERAL EXPRESS

Dear Joe:

Doug Duskin called me from South Carolina last Thursday to report that the signed copy of the Exploration and Mining Lease would come over to my office by courier on Friday from Amselco's Denver office. But Dave Johnson called me Friday to tell me that delivery would not occur until today, Amselco having abandoned Denver for Salt Lake City. [He could not find on Friday a notary public familiar with the signatures.]

The documents did indeed arrive this afternoon, and I have approved the same for execution. When you send fully executed documents forward to Amselco, please send me a photocopy for my files.

Very truly yours,



Don H. Sherwood

DHS/11
encl.

cc: Mr. D. J. Duskin ✓
D. Stafford Johnson, Esq.



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Facsimile: (303) 298-1294

November 16, 1987

Mr. Joseph M. Jungkurth
Vice President, Minerals
Scott Paper Company
Scott Plaza
Philadelphia, PA 19113

*sent via
facsimile
11-16-87
DN*

Re: Barite Hill, South Carolina, Brunswick Lease

Dear Joe:

Attached is a map showing the 307.96-acre parcel we would like to add to the Brunswick lease. If I do not hear from you otherwise by Friday morning, I shall assume that you are still agreeable to this and shall incorporate the additional land description in the execution copy's appendix.

Thanks for your cooperation, and I will move promptly to get the agreement executed.

Sincerely yours,

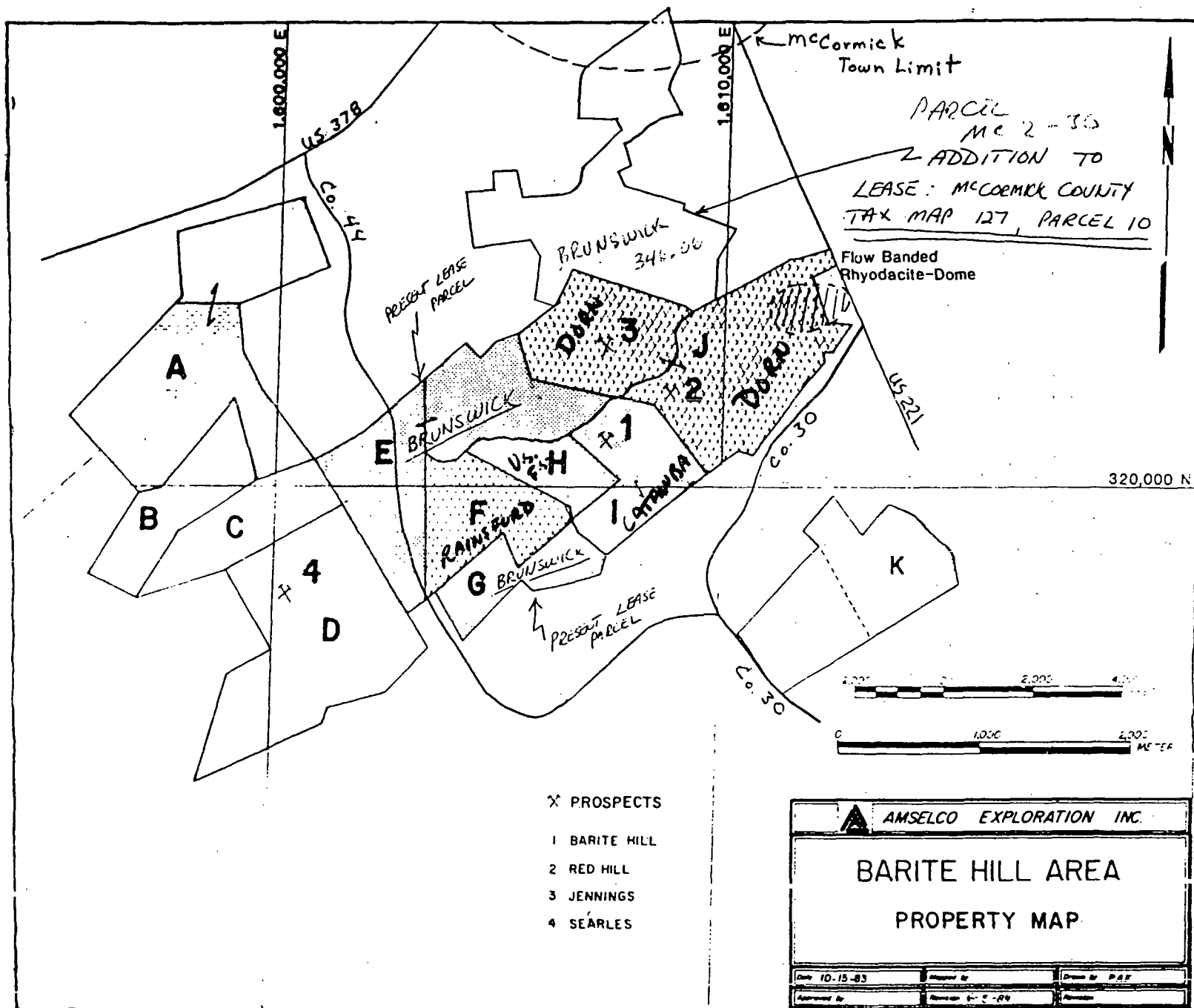
AMSELCO MINERALS INC.

D. J. Duskin
Exploration Manager
Eastern USA

DJD/dn

Attachment

cc: W. K. Martin



Sherman & Howard

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATION

2900 FIRST INTERSTATE TOWER NORTH
633 SEVENTEENTH STREET
DENVER, COLORADO 80202

TELEPHONE: 303 297-2900
TELECOPIER: 303 298-0940
TELEX: 454168

DON H. SHERWOOD

IN SOUTHEAST DENVER
Sherman & Howard
SUITE 700, STANFORD PLACE 3
4582 SOUTH ULSTER STREET PARKWAY
DENVER, COLORADO 80237
TELEPHONE 303 779-0494
TELECOPIER 303 779-8480

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Sherman, Howard, Baker & Wendelken
SUITE 500, ALAMO CORPORATE CENTER
102 SOUTH TEJON
COLORADO SPRINGS, COLORADO 80903
TELEPHONE 303 475-2440
TELECOPIER 303 635-4376

IN RENO, NEVADA
Hill Cassas deLipkau and Erwin, P.C.
POST OFFICE BOX 2700
RENO, NEVADA 89505
TELEPHONE 702 323-1801
TELECOPIER 702 348-7250

November 13, 1987

Mr. D. J. Duskin
Exploration Manager, Amselco Exploration, Inc.
1112 Mill Street
Camden, South Carolina 29020

By Federal Express

Dear Mr. Duskin:

Enclosed is our final version of the proposed Barite Hill lease. Appendix 1 should be supplied, in the form which you sent to us. In this version, there will be no Appendix 2.

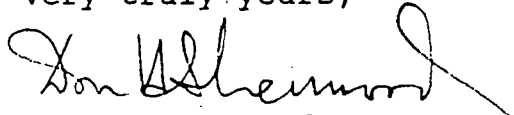
Also enclosed is a copy of this version, highlighted in yellow to indicate the areas where I have made significant changes.

It would behoove us all to expedite execution of this document by Amselco, so that it can be submitted to Scott and Mead before the exchange transaction with Champion is consummated.

In this connection, when the document has been executed here in Denver, it is imperative that it be delivered to me, as I must initial the document, else Scott will not sign it. It will save several days if the document comes directly to me, rather than being sent to Philadelphia from which, without my initials, it will return to me.

As to the addition of additional land, that must be raised Monday with Mr. Jungkurth.

Very truly yours,


Don H. Sherwood

DHS/11
cc: Mr. Joseph M. Jungkurth



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Facsimile: (303) 298-1294

November 4, 1987

Mr. Kenneth N. Gay
Research and Wood Resource Manager
Brunswick Pulp Land Company
Post Office Box 860
Brunswick, GA 31521

Dear Mr. Gay:

In accordance with our access agreement with you for Brunswick tracts McC-2-29, 31, and 32, this letter is to inform you of our intent to begin linecutting on the property on or about the week of November 9. I have informed your division manager, Bill Moody, of our plans and have arranged for him to inspect our work in progress on November 10.

Thank you for your cooperation. Should you have any questions, please give me a call at the Camden number shown above.

Sincerely,

AMSECO MINERALS INC.

Joel P. Padgett
Exploration Geologist

JPP/dn

cc: J. M. Jungkurth
D. J. Duskin

FILE: SC: MCCORMICK COUNTY: TARGET:

BRIEF: ALL: 10-10-10: 10-10-10: Brunswick

SCOTT

SCOTT NATURAL RESOURCES

SCOTT NATURAL RESOURCES
215-522-5577 (EQUIPMENT: DEX 3200)
PHILADELPHIA, PENNSYLVANIA (USA)

TELECOPY #803/425-1086

DATE: OCTOBER 30, 1987

LOCATION: CAMDEN, S.C.

TO: MR. D. J. DUSKIN

OF PAGES: 4

(INCLUDING COVER SHEET)

FROM: J. M. JUNGKURTH

SUBJ: GRID ACTIVITIES

COPY:

DOUG:

ONCE YOU SIGN THE ACCEPTANCE OF THE ATTACHED LETTER, EVERYTHING SHOULD BE GRANTED FOR YOUR GRID ACTIVITIES. PLEASE RETURN COMPLETED DOCUMENT TO US BY FAX. OUR NUMBER IS 215/522-5577.

THANKS.

-PLEASE DELIVER IMMEDIATELY. THANKS.-

***** IF TRANSMISSION IS NOT LEGIBLE OR COMPLETE, *****
PLEASE CALL SANDY WALLS , EXT. 215/522-6150 *****

FACS 215-522-5577

SCOTT

SCOTT NATURAL RESOURCES

October 27, 1987

Mr. D. J. Duskin
Amselco Minerals Inc.
1112 Mill Street
P. O. Box 891
Camden, South Carolina 29020

Dear Mr. Duskin:

This letter will authorize you and/or your Amselco representatives to enter upon the Brunswick Land Company properties described in Attachment A for the sole purpose of cutting grid lines in anticipation of the signing of an Exploration/Mining Agreement between Amselco and Brunswick before the end of 1987.

Amselco agrees to honor and be bound by the Indemnification and Damage Conditions contained in the document being prepared by D. H. Sherwood, our Denver attorney. Such signing document should be in your possession within the next two weeks.

Amselco agrees to advise Mr. Kenneth N. Gay at 912/265-5780 in advance of any activities for the purpose of coordination with and awareness of our Brunswick associates. Such phone contacts will be followed up with appropriate written correspondence to Mr. Gay, with a copy to my attention in Philadelphia.

This letter will remain in effect for sixty (60) days from the date hereon or until the Exploration/Mining Agreement is executed, whichever occurs first

Sincerely,



Joseph M. Jungkurth
Vice President, Minerals

AGREED TO AND ACCEPTED
THIS THE 30TH DAY OF
OCTOBER, 1987. 10/30/87

AMSELCO MINERALS INC.

By: 

REGIONAL MANAGER

cc: Mr. K. N. Gay

ATTACHMENT AAPPENDIX 1

To Exploration and Mining Lease Between
Brunswick Pulp Land Company and Amselco Minerals Inc.

Dated: _____

DESCRIPTION OF PREMISES

Appendix 1 for the purpose of this Agreement includes three parcels of land totalling 491.23 acres.

Parcel No. 1

All that piece, parcel, or tract of land situate, lying, and being in the County of McCormick, State of South Carolina, containing 308.64 acres, more or less, being bounded as follows: on the North by lands of Continental Augusta Woodlands, Charlie Edmunds, and S. L. and G. J. Sanders, Sr.; on the South by lands of Rainsford, the United States Forest Service, and Catawba Timber Company; on the East by lands now or formerly of Gary Jennings Dorn, Sr., and Catawba Timber Company; and on the West by lands of the United States Army Corps of Engineers and Palmetto Production Credit Association. For a more particular description of said tract, reference is made to a plat recorded in the Office of the Clerk of Court for McCormick County, South Carolina, in Plat Book 7, Page 35. This parcel is designated as Tract No. McC-2-29 as described on Exhibit A on two deeds dated December 31, 1973, between Brunswick Pulp and Paper Company as Grantor and Mead Timber Company and Scott Timber Company as Grantees, recorded in Deed Book 34, Pages 244-245, in the Office of the Clerk of Court for McCormick County, South Carolina.

Parcel No. 2

All that piece, parcel, or tract of land situate, lying, and being in the County of McCormick, State of South Carolina, containing 88.05 acres, more or less, being bounded as follows: on the North by lands of Rainsford and Catawba Timber Company; on the South by lands of W. J. Bruce and M. R. Coulter; on the East by lands of C. D. and C. S. Wilkie; and on the West by County Road S-33-44. For a more particular description of said tract, reference is made to a plat recorded in the Office of the Clerk of Court for McCormick County, South Carolina, in Plat Book 7, Page 37. This parcel is designated as Tract No. McC-2-31 as described on Exhibit A on two deeds dated December 31, 1973, between Brunswick Pulp and Paper Company as Grantor and Mead Timber Company and Scott Timber Company as Grantees, recorded in Deed Book 34, Pages 244-245, in the Office of the Clerk of Court for McCormick County, South Carolina.

Parcel No. 3

All that piece, parcel, or tract of land situate, lying, and being in the County of McCormick, State of South Carolina, containing 94.54 acres, more or less, being bounded as follows: on the North and East by lands of the United States Forest Service; on the Northwest by lands of Betty W. Dorn (et al.); and on the South and Southwest by lands of the United States Army Corps of Engineers. For a more particular description of said tract, reference is made to a plat recorded in the Office of the Clerk of Court for McCormick County, South Carolina, in Plat Book 7, Page 38. This parcel is designated as Tract No. McC-2-32 as described on Exhibit A on two deeds dated December 31, 1973, between Brunswick Pulp and Paper Company as Grantor and Mead Timber Company and Scott Timber Company as Grantees, recorded in Deed Book 34, Pages 244-245, in the Office of the Clerk of Court for McCormick County, South Carolina.



**AMSECO
MINERALS INC.**

999 Eighteenth Street, Suite 12L
Denver, Colorado 80202-2484
Telephone: (303) 292-6722
Telex: 450069
Facsimile: (303) 298-1294

January 24, 1986

Mr. Don Sherwood, Esquire
Sherman and Howard
633 17th Street
Suite 2900
Denver, CO 80202

Re: Brunswick Pulp Lease

Dear Mr. Sherwood:


This letter is sent in order to ascertain if your client, Brunswick Pulp Land Company, is still interested in pursuing an agreement regarding the leasing of its property located in McCormick County, South Carolina.

It is my recollection that an initial draft had been presented by Amseco to you and Mr. Jungkurth in August, 1985 and a meeting was held to discuss this proposal in late September, 1985. In order to facilitate any further negotiations, it would be of great help if you would furnish me with a summary of the discussions at the September meeting.

It would be appreciated if you would notify me at your earliest convenience regarding your client's willingness to pursue the leasing agreement.

Sincerely yours,

AMSECO MINERALS INC.


Joseph J. Tauriello
Attorney

JJT/sj
cc: Doug Duskin

AMSELCO EXPLORATION INC.
MEMORANDUM

To: H. M. Lane
D. J. Duskin

Date: May 7, 1985

From: P. W. Prescott

Subject: Scott Paper Land--Barite Hill

After a very quick investigation of the Scott Paper properties at Barite Hill (Parcel E, approximately 304 acres and Parcel G, approximately 87 acres), I have come up with a most preliminary idea on how the mineral title looks on Parcel E. It would be terrifically difficult to determine how Parcel G came into Scott's hands because of the manner of the description.

Only with a notation of possible excluded minerals on the Brunswick deed to Mead (Book 34, Page 244) and to Scott deed (Book 34, Page 245) do we get an idea how to begin to chain the title. In brief, the chain runs from 1916 where M. G. and J. J. Dorn, Inc., held title to the land. They sold it (312 acres) to J. D. Richardson in 1916, subject to reservation of minerals. If the Dorns did not dispose of the mineral rights in five years from the agreement's date, then mineral title also would go to Richardson. In 1920, Dorn, Inc., sold the mineral rights to Porter Dorn (shady cousin?) who, in turn, sold them back to M. G. and J. J. Dorn, Inc., a year after the agreement with Richardson expired. The Dorns kept the mineral rights until they died, and the heirs of M. G. and J. J. Dorn quitclaimed the rights to Carland, Inc., in 1968. Carland, Inc., sold numerous tracts once owned by the Dorns to the Mead Corporation (including the 372-acre (312-acre) tract).

The surface goes from Dorn, Inc., to J. D. Richardson via the 1916 deed. In 1922, Richardson sold the land to G. Allen Banks. A judgment was placed against the property by the bank, mortgagee, and then the bank failed. The receiver of the bank sold the surface back to Dorn, Inc. In 1966, the Dorns' company sold the land to Carland, Inc. The only mention of mineral rights was one which said, "Subject, however, to outstanding mineral rights reserved in the deed from Richardson to G. Allen Banks." Carland may have had a problem with the confusion of the reservation between Dorn, Inc., and Richardson. However, if what Dorn, Inc., did was legal, Richardson had no mineral rights to reserve in his deed to Banks.

Again, this was a one-day search in the Clerk's Office and as the occasion was rushed for lack of time, it may not be totally complete. Added to this is the fact that McCormick County did not exist until 1916. If any further research is needed, it may be as difficult to ascertain from another courthouse.



**AMSELCO
EXPLORATION INC.**

1112 Mill Street
P.O. Box 891
Camden, South Carolina 29020
Telephone: (803) 432-9828

EXPLORATION HEAD OFFICE
90 West Grove Street, Suite 100
Reno, Nevada 89509
Telephone: (702) 827-2270

March 14, 1985

Mr. Joseph M. Jungkurth
Vice President - Minerals
Mineral Resources Division
Scott Paper Company
Scott Plaza
Philadelphia, PA 19113

Dear Joe:

Re: Barite Hill, South Carolina

It was good to talk with you last week about our mutual interests in exploring your company's lands in the Southeast. Although we are aware that you have a considerable landholding in a large area of favorable geology, we are not yet ready to consider taking on a large acreage for a grassroots regional evaluation. Exploration in today's economic environment is increasingly narrowed to more specific targets, and our main target of interest in your area of holdings is the Barite Hill District near McCormick, South Carolina. There are several mineralized showings and remains of old mine workings in this district, including some on your property. Several of these properties have been drilled in modern times by different companies who usually encountered interesting metal values but who were unable to come up with an economically viable tonnage of ore-grade mineralization. Normally, this would mean the "kiss of death" for such a district, but we believe that the principal reason for the failure of these other companies is that ore occurs in discontinuous lens in several areas, none of which are economic by themselves, but which might make a mine, taken as a whole. However, we cannot preclude the possibility that a significant single lens of economic grade and tonnage is present in this environment. No company in modern times has been able to assemble the necessary land in order to fully evaluate these propositions. We feel that if we can put together such a land package at reasonable terms, we can commit the resources and expertise to properly conduct such an evaluation.

Right now the opportunity exists for your company and Amselco to do just that. We have recently acquired Gold

Mr. Joseph M. Jungkurth
March 14, 1985
Page 2

Fields' leases and data, and we are in the final stages of signing an agreement with another adjoining owner. Our leased lands in relation to those owned by Brunswick are shown in red on the attached map. We think that this land position, coupled with the three Brunswick tracts, will enable us to thoroughly explore the district and develop its potential orebodies.

I must, however, stress the words "reasonable terms" at the outset. We don't feel that prudent exploration is served by short-fuse agreements with work commitments that force exploration to be carried out in a time frame that doesn't allow full evaluation and synthesis of data, nor by excessive reporting requirements that tie up the time of our best geologists. We are interested in taking a straightforward mining lease with royalty provisions that will share the rewards of a rich orebody, but which will not condemn smaller, poorer grade ones to remaining in the ground. As we discussed on the phone, I'll be happy to talk to you in person about this as soon as we can arrange a meeting. I'm sure that we could arrive at some mutually acceptable principles.

Your suggested date of May 13 in Denver is fine with me. Please let me know when you have firmed it up, and I'll make final arrangements.

Sincerely yours,

AMSELCO EXPLORATION INC.



D. J. Duskin
Exploration Manager
Eastern USA

DJD/dn

Enclosure

bcc: H. M. Lane (with enclosure)
A. P. Taylor (with enclosure)
W. L. Gunter (with enclosure)
P. W. Prescott (with enclosure)

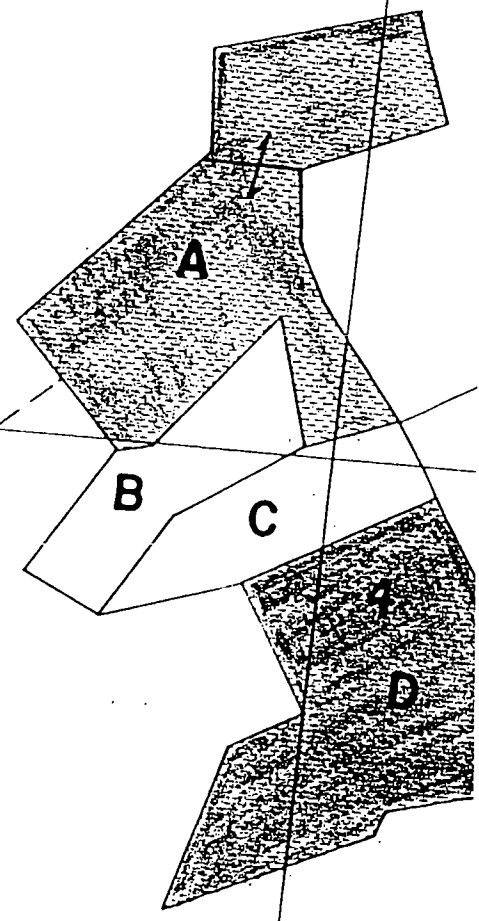
PROPERTY OWNERS

- A U.S.F.S. (AMSELCO LEASED)
514 ac.
- B BRUNSWICK
95 ac.
- C CORPS OF ENGINEERS
122 ac.
- D GERRARD (AMSELCO LEASED)
375 ac.
- (E) BRUNSWICK
304 ac.
- F RAINSFORD (AMSELCO LEASED)
113 ac.
- (G) BRUNSWICK
87 ac.
- H U.S.F.S. (AMSELCO LEASED)
56 ac.
- I CATAWBA (AMSELCO NEG.)
148 ac.
- J DORN (AMSELCO ~~LEASED~~ ^{LEASED})
454 ac.

Lincolnton
Metadacite

Lower Pyroclastic

Lower Pyroclastic



JOSEPH M. JUNGKURTH
*Vice President - Minerals
Natural Resources Division*

April 9, 1984

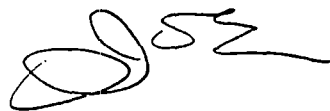
Dear Doug:

Don Sherwood and I would like to express our appreciation for the opportunity of meeting with you in Athens last week. I sense that we could well have common ground for a mutually beneficial relationship.

On Saturday, I was visiting a wine shop and attempted to recall the wine which you ordered for dinner. Would you help me out with the specific label? I enjoyed it very much and would like to share it with my wife.

Looking forward to being in touch with you shortly.

Best regards,



Mr. D. J. Duskin
Amselco Exploration Inc.
Exploration Manager
Eastern U.S.A.
14 Algana Drive
St. Peters, Missouri 63376

73 SCOT 100

2151522 - 5587

January 30, 1984

Mr. W. L. Gunter
Amselco Exploration Inc.
1112 Mill Street
P. O. Box 891
Camden, South Carolina 29020

Dear Mr. Gunter:

I wish to acknowledge receipt of your last letter in which you clarified several concerns that your November 29, 1983 letter presented.

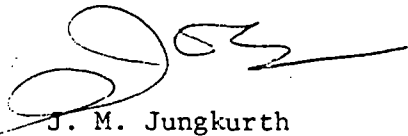
I would appreciate your understanding of the delay in my response to your request for an initial meeting. We are attempting to sort through a specific situation involving the Barite Hill acreage. Hopefully, this can be accomplished in the next several weeks.

However, we are interested in discussing your proposals for a region wide exploration program. It would appear that the latter part of February might be the most convenient time for us to meet in Denver.

Please allow me a little more time to find a convenient date for you and your Reno associate and my counsel, Don Sherwood from Sherman & Howard to meet.

I will be in touch with you shortly.

Best regards,



J. M. Jungkurth
Director and General Manager
Minerals Development

JMJ:slw

cc: Mr. D. H. Sherwood

SCOTT

January 3, 1984

Mr. W. L. Gunter
Amselco Exploration Inc.
1112 Mill Street
P. O. Box 891
Camden, South Carolina 29020

Dear Mr. Gunter:

I wish to acknowledge the receipt of your November 29, 1983 letter which outlines, in general terms, a proposal for the 486 acres located near McCormick, South Carolina. Prior to scheduling a preliminary meeting, I would like to explore two issues. First, I would appreciate your identifying the location of the 1,000 acres which you currently control. For us, this is an important consideration.

The second issue is your statement concerning your standard royalty of five percent and your company's policy of inflexibility on this matter. Depending upon the terms of the entire agreement, we have generally found this royalty level to be acceptable for standard grade and tonnage levels. It is not our intention to place anyone in an unadvantaged or uneconomical position in the potential development of a mine. However, we do feel that special consideration must be given to the sharing of a bonanza mineralization. I would appreciate your comments on this matter.

I have attached a map which will give you an idea of our land position in Edgefield, McCormick, Lincoln and Wilkes Counties. The green property tracts are entirely controlled by Brunswick. The red leased tracts may or may not be controlled under an agreement with the Cullars' heirs. Please review this very preliminary map and advise me of your interests.

I suggest we delay any formal first meeting until we clarify your response to my two issues. Please let me hear from you.

Best regards,



J. M. Jungkurth
Director and General Manager
Minerals Development

JMJ:slw

Enclosure

cc: Mr. H. M. Lane
Mr. D. H. Sherwood



**AMSELCO
EXPLORATION INC.**

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Camden, South Carolina 29020
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EXPLORATION HEAD OFFICE:
90 West Grove Street, Suite 100
Reno, Nevada 89509
Telephone: (702) 827-2270

January 6, 1984

Mr. J. M. Jungkurth
Scott Paper Company
Scott Plaza
Philadelphia, PA 19113

Dear Mr. Jungkurth:

In response to your letter of January 3, 1984, I wish to address the two issues of concern to you.

Regarding our land situation in the area of primary interest, I am enclosing a land status map. If I read the Brunswick Forest Properties Map correctly, our Brunswick tract B corresponds to your tract 2-32; our tract E corresponds to your tract 2-29; and our tract G corresponds to your tract 2-31. Acquisition of these three tracts would certainly complement our present holdings.

The second issue of concern to you is the royalty level in the event that Amselco discovers a high unit value deposit on Brunswick land. Our standard royalty is necessary to optimize chances of bringing an average-grade deposit from discovery to production. However, we would consider a proposal that would entitle Brunswick to an increased royalty for "bonanza" mineralization. Such a proposal from Brunswick could be discussed at our initial meeting.

*Discussed
w/ H. Lane*

Thank you for sending the map of Brunswick owned and leased properties in Edgefield, McCormick, Lincoln, and Wilkes Counties. My initial reaction, without knowledge of specific tracts, would be to propose a package agreement that enabled us to evaluate all Brunswick tracts in that four-county region as part of a regional exploration program.

I look forward to our initial meeting. I feel that this area has exciting exploration potential. If there are any other issues that you wish to discuss, please contact me. If



this letter answers your main questions satisfactorily, please advise us of a convenient meeting date and place.

Best regards,

AMSELCO EXPLORATION INC.

W. L. Gunter

W. L. Gunter
Project Geologist

WLG/cn

Enclosure

cc: H. M. Lane
R. F. Kazda
P. W. Prescott



**AMSELCO
EXPLORATION INC.**

90 West Grove Street, Suite 100
Reno, Nevada 89509
Telephone: (702) 827-2270
Telex: 354424
Facsimile: (702) 827-3463

December 14, 1983

Mr. Joseph M. Jungkurth
Mineral Division
Scott Paper Company
Philadelphia, Pennsylvania 19113

Re: Mineral Lease
McCormick County, South
Carolina

Dear Mr. Jungkurth:

I have been asked to contact you regarding a meeting between your company's representatives and Amselco's representatives to consider entering into a mineral lease for properties held by your company in McCormick County, South Carolina. My file indicates that Mr. Gunter of Amselco, in his letter to you of November 29th, gave you an introduction to Amselco's program in the area and proposed rental and royalty rates. I have enclosed a copy of a mineral lease agreement used by Amselco in that area for your review.

If possible, I would like to arrange a meeting in your Philadelphia offices, or such other place as you may find convenient, for the week of January 30th. Please advise me at your earliest convenience of a date which is suitable for you.

Yours truly,

AMSELCO EXPLORATION INC.

H. M. Lane
Assistant General Counsel

HML:jlh
Enclosure
11.3/54

cc: R. F. Kazda
W. L. Gunter
P. W. Prescott

DEC 13 1983



**AMSELCO
EXPLORATION INC.**

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Camden, South Carolina 29020
Telephone: (803) 432-9828

EXPLORATION HEAD OFFICE:
90 West Grove Street, Suite 100
Reno, Nevada 89509
Telephone: (702) 827-2270

November 29, 1983

Mr. Joseph M. Jungkurth
Mineral Division
Scott Paper Company
Philadelphia, PA 19113

Dear Mr. Jungkurth:

Thank you for the rapid response concerning my inquiry about Brunswick lands near McCormick, South Carolina. Figure 1 shows the location of the three tracts totalling 486 acres around the Barite Hill prospects. We presently control 1,000 acres in the immediate area and are attempting to acquire a contiguous block along the mineralized zone. We are engaged in an on-going exploration program along this trend.

Any work program we undertake will involve Brunswick lands as a part of the total geologic picture. This general region is underlain by volcanic and volcanoclastic sequences that contain discontinuous mineralization. I feel that we have a reasonable chance to find an orebody of economic grade and tonnage if we can assemble a good land package. Historically, activity in this area has focused on individual tracts of a few hundred acres. Efforts to develop a conceptual synthesis were hindered by adverse land positions. Our present approach attempts to rectify this situation by assembling a suitably sized block of land prior to intensive exploration.

I anticipate a general work plan along the following lines:

- 1984: Assemble a land package and establish a sound geologic base map. A remote sensing analysis of the terrane should give us a knowledge of structures associated with mineralization.
- 1984-1985: Conduct exploration of individual tracts as they are leased. This activity will consist of detailed mapping and some reconnaissance geochemical and geophysical grid work in order to identify rather obvious drill targets. These data will supplement the existing geologic/tectonic framework maps.



1985-1986: Establish a large grid system on 400-foot centers over the entire project area. Geophysical, geochemical, and geological data will be collected along each grid line. Drill targets generated from this phase will be tested in 1986 and for the following one to four years.

If a commercial deposit is discovered, I anticipate a three-year period to acquire necessary mining and environmental permits.

It is difficult to say exactly when we would drill on Brunswick lands. You may be assured, however, that our primary interest is finding mineral deposits, and we will explore all areas that appear to have good potential.

Another aspect of the program will be to explore the larger trend peripheral to the Barite Hill-Lincolnton-McCormick area. The purpose will be to discern if there are other favorable segments of that portion of the Western Slate Belt that warrant intensive exploration. I would appreciate a map showing the location of the 15,000 acres of Brunswick and Brunswick-controlled mineral rights in Edgefield and McCormick Counties, South Carolina and Lincoln and Wilkes Counties, Georgia.

Terms of lease for 486 acres:

Our standard royalty payment is a 5 percent "net return." Company policy is rather inflexible on this item. Our rental schedule is established for a ten (10) year period with advanced minimum royalties beginning in the eleventh (11th) year. I propose a rate for the 486 acres as follows:

<u>Year</u>	<u>Rate</u>
1 to 5	\$10 per acre per year
6	\$15 per acre
7	\$20 per acre
8	\$25 per acre
9	\$30 per acre
10	\$35 per acre

Advanced minimum royalty of \$40 per year would begin in the eleventh (11th) year and continue until production royalty begins.



I hope this letter addresses some of your concerns. If you have any other questions, please contact me. In the meantime, I will notify our land department of this correspondence in order that they might establish a preliminary meeting.

Best regards,

AMSELCO EXPLORATION INC.

W. L. Gunter

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WLG/dn

Attachment:

cc: P. H. Evans
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File



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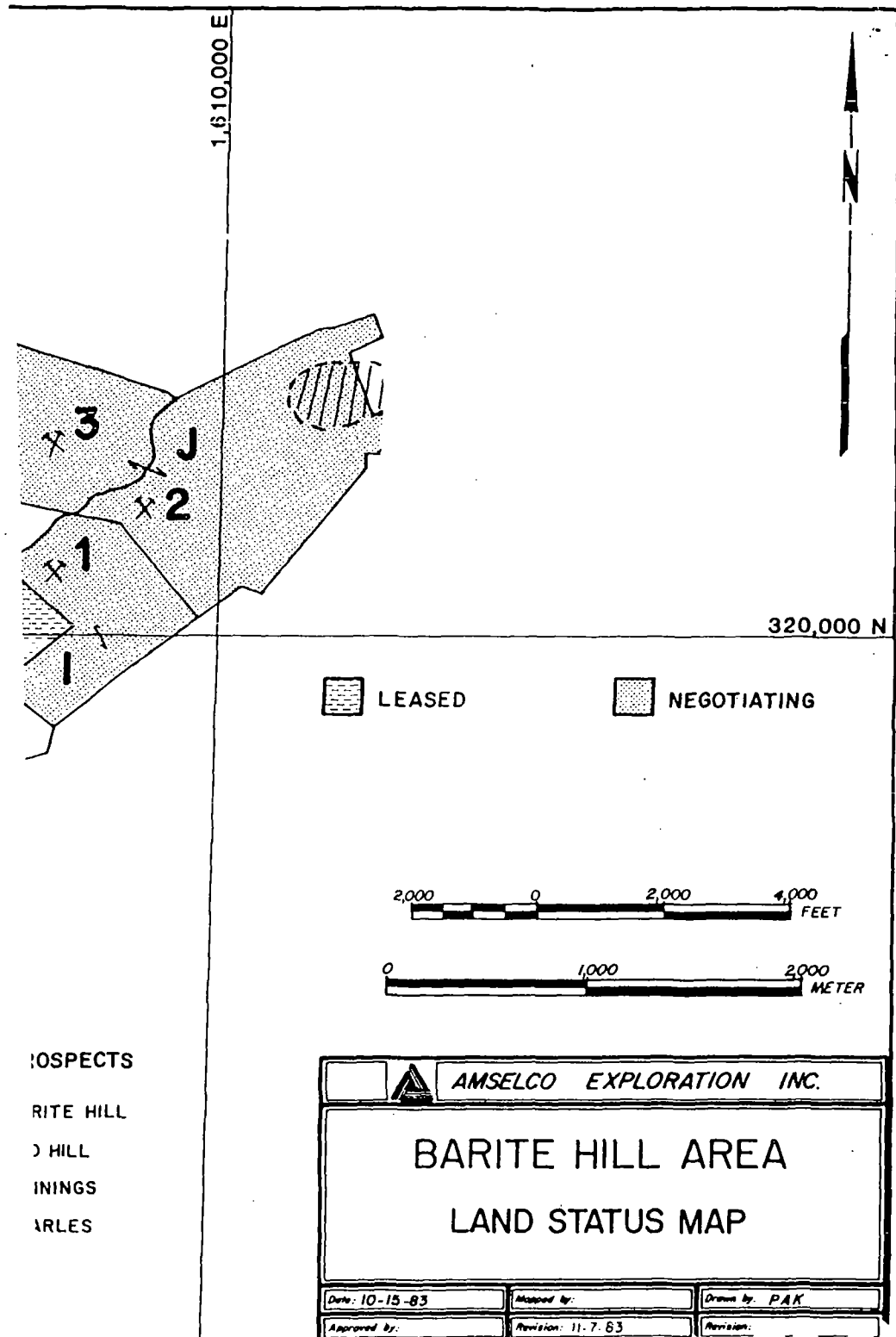
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H. M. Lane
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DEC 15 1983



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